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FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on amendments adopted through May 2, 2011

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Legislation enacted in 1998 (LB1100) provided, with certain exclusions, that in the year following completion of a state agency capital construction project, the Department of Administrative Services (DAS) was to annually thereafter assess depreciation charges to the relevant state agency on the basis of 2% of the total project cost. In the case of acquisition of an existing facility, the depreciation charge was based upon 2% of the greater of the acquisition price or the value of the facility as determined by DAS. LB410, enacted in 2003, suspended these charges for 2003-04. LB1092, enacted in 2004, suspended the charges for 2004-05 and provided for reinstatement of the charges at a 1% rate for 2005-06. The charges remained at this 1% rate through 2008-09. LB318, enacted in 2009, suspended the charges for 2009-10 and 2010-11 after which, the charges are to be reinstated at the 1% rate beginning with 2011-12. Amounts historically remitted by state agencies for these 'LB1100' depreciation charges have been credited, as applicable, to the State Building Renewal Assessment Fund (Sec. 81-188.01), University Building Renewal Assessment Fund (Sec. 81-188.03), and State College Building Renewal Assessment Fund (Sec. 81-188.05). The funds are administered by the "309" Task Force for Building Renewal (a division of DAS). In general terms, amounts from the respective funds are authorized to be expended for building renewal projects and other building improvements incident to approved building renewal projects.

LB380 would eliminate 'LB1100' depreciation charges otherwise to be assessed for 2011-12 and future years. Correspondingly, affected state agencies would be relieved of expenditures for these depreciation charges. Expenditures by state agencies for such charges have historically been supported with General Fund appropriations. Budget recommendations as included in the Appropriations Committee amendments to the mainline budget bill, LB377, take into account elimination of 'LB1100' depreciation charges as provided by LB380. The bill also results in elimination of revenue from depreciation charges that would otherwise accrue to the three building renewal assessment (cash) funds in the amounts estimated below. As indicated above, depreciation charges accruing to the respective building renewal assessment funds are authorized to be expended for building renewal projects and other improvements incident to approved building renewal projects. Elimination of these charges as provided by LB380 will result in corresponding elimination of related amounts available to be expended for building renewal projects.

Under current law, the following amounts are estimated to be assessed by DAS as 'LB1100' depreciation charges and remitted by state agencies to DAS for credit to three building renewal assessment funds:

	No Charges	@ 1% Rate	@ 1% Rate
	2010-11	2011-12	2012-13
State Building Renewal Assessment (Cash) Fund	-0-	1,243,240	1,243,240
University Building Renewal Assessment (Cash) Fund	-0-	8,666,747	9,455,517
State College Building Renewal Assessment (Cash) Fund	-0-	894,873	943,873
	<u>-0-</u>	<u>10,804,860</u>	<u>11,642,630</u>

Under LB380, these charges would be as follows:

	No Charges	No Charges	No Charges
	2010-11	2011-12	2012-13
State Building Renewal Assessment (Cash) Fund	-0-	-0-	-0-
University Building Renewal Assessment (Cash) Fund	-0-	-0-	-0-
State College Building Renewal Assessment (Cash) Fund	-0-	-0-	-0-
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Estimated difference in charges - LB380 vs. current law:

	2010-11	2011-12	2012-13
State Building Renewal Assessment (Cash) Fund	-0-	(1,243,240)	(1,243,240)
University Building Renewal Assessment (Cash) Fund	-0-	(8,666,747)	(9,455,517)
State College Building Renewal Assessment (Cash) Fund	-0-	(894,873)	(943,873)
	<u>-0-</u>	<u>(10,804,860)</u>	<u>(11,642,630)</u>

With elimination of the 'LB1100' depreciation mechanism as per LB380, the Task Force for Building Renewal presumably will request future funding (i.e. General Funds) to offset elimination of this former source of funds. Such replacement funding will, however, be subject to requests formulated by the Task Force and levels of funding will be at the discretion of the Legislature within the context of financial circumstances of future budget cycles.